





1968

YEAR OF DECISIONS

On September 25, 1968, representatives of Federal and Provincial Governments, National and Provincial Agricultural groups, Millers, Historical and Drama Associations joined with Company officials in the opening ceremonies of the Lequille Hydro-electric Station . . . our Centennial project.

The Premier of Nova Scotia, the Honourable G. I. Smith, said: "We owe this occasion today to one of our great industries, Nova Scotia Light and Power Company, Limited. Industry is not always associated with the artistic and the historic, but it seems to me that Industry will never be without the artistic and the historic or be lacking in imagination so long as it is led by men such as these who head this Company and who conceived the event in which we are now taking part. They had the happy thought of combining with the usefulness of today, the history of years long ago. It seems to me a tribute to the imagination and the public spirit of these gentlemen that they seized the opportunity when they saw it."

Note: See pages 20 and 21 for picture story.



NOVA SCOTIA LIGHT AND POWER REPORTS FOR THE YEAR 1968 . . .

. . . . to inform the stockholders of the progress of company operations and the use that has been made of the funds they provided to make possible the existence and continued growth of the business.

. . . . to tell the employees, who are devoting their careers to the business, the results that have been accomplished through their endeavours.

. . . . to assure the people and communities we serve that we have forward-looking plans to meet fully and economically the growing needs for electric service.

THE COVER, THE ARTIST, THE PURPOSE . . .

The Cape Island motorboat, with her practical lines and sea-going qualities, was developed and perfected by the skilled boat builders in western Nova Scotia. She has become the dependable work-horse for the inshore fishermen.

Here, she sights the more romantic schooner, looming out of the mists, returning from her deep-sea quest.

The gulls are interested, as always, in the work of fishermen. For them there may be fringe benefits.

In this study of a sea drama, W. E. de Garthe, F.I.A.L., has placed on canvas a suggestive scene which leaves the imagination free to weave a story.

It is another in a series commissioned by the Company with the hope that in the future it will contribute a lasting nostalgic record to the marine lore of Nova Scotia.



Copies suitable for framing
are available upon request
to the Secretary.

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HIGHLIGHTS OF 1968...

	1968	1967	Percent Change
SALES OF ELECTRICITY (Thousands of Kilowatt Hours) Vigorous sales effort, economic growth and more customers pushed sales to a new high. (Sales to Maritime Power Pool not included)	1,275,153	1,162,436	+ 9.7
OPERATING REVENUES (From Regular Sources) Larger sales contributed to the gain. Dramatic growth trends will continue with sales doubling every seven years. (Sales to Maritime Power Pool added)	\$28,461,956 \$29,268,864	\$26,432,118 \$27,229,889	+ 7.7 + 7.5
OPERATING EXPENSES Were abnormally high due to unforeseen and non-recurring operating difficulties. (See financial text)	\$23,103,307	\$21,069,788	+ 9.7
NET EARNINGS	\$ 3,251,345	\$ 3,466,470	- 6.2
EARNINGS PER SHARE	\$.55	\$.59	- 6.8
PLANT ADDITIONS The adequacy of equipment permitted close control of capital spending.	\$ 8,150,246	\$ 6,057,014	+34.5
FINANCING	\$4,000,000 (Bonds)	None	

NOTE TO STOCKHOLDERS AND EMPLOYEES

After you have read this report, you can help to broaden the public's understanding of your Company's policies and progress by passing it on to a friend or neighbour.

YOUR DIRECTORS REPORT FOR THE YEAR

1968

Operating Revenues reached a record level in 1968 increasing 6.0 per cent over the previous year to \$29,268,864. Sales to regular customers, excluding other facilities on the Interprovincial Grid Line, increased by 8.3 per cent over 1967. This increase exceeds the average for the industry in both Canada and the United States. Domestic and General Service revenues showed substantial growth and sales of electric heat followed the same dramatic pattern of increase established during recent years.

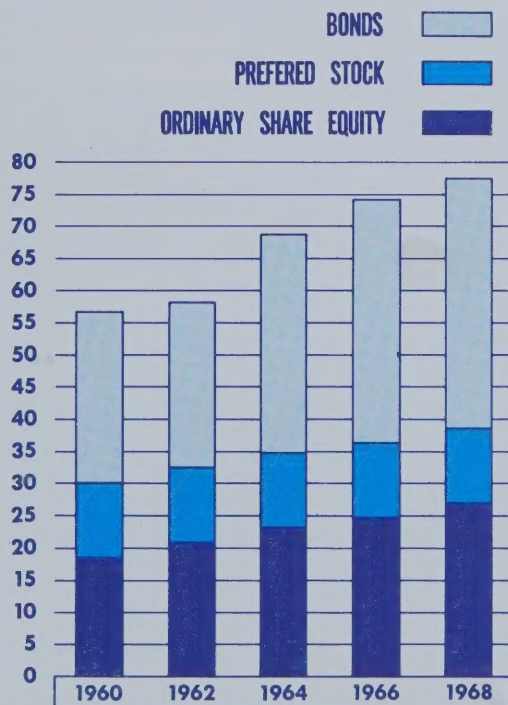
Growth trends already evident and indicated for the immediate future are most encouraging and, although temporarily restrained by non-recurring and unexpected expense items, earnings per ordinary share should, during the next few years, follow more closely the upward growth pattern of energy sales.

Operating expenses increased by 9.7 per cent over 1967, reflecting increased labor and material costs and including non-recurring and other items detailed below.

An assessment of the Company's earnings position early in 1968 indicated that some increase could be expected over the previous year. Load growth was satisfactory and normal expenses, although increasing, were within expected limits. By the end of the first quarter, however, some anticipated new loads had been deferred by construction lags. The Federal Government's new surtax on corporate income caused an unexpected curtailment in net earnings. Hydro conditions by then, both on the Company's watershed areas, and in the entire

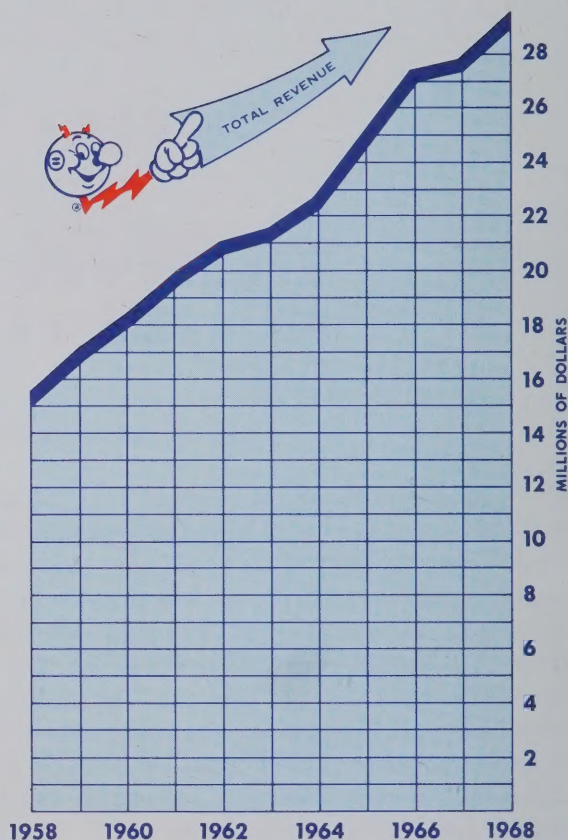
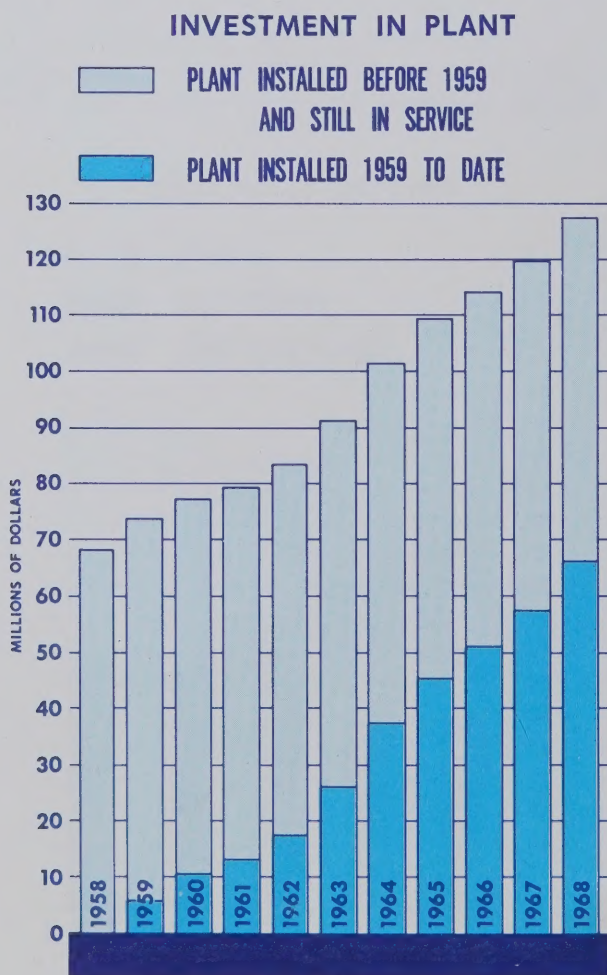
Maritime Power Pool, were trending toward an all-time low. Consequently this energy had to be replaced from much more expensive thermal generating units. It was not until late fall that water levels returned to normal; too late to have any appreciable effect on earnings for the year. The most serious set-back experienced during the year was the unexpected forced shut-down of the Company's Tufts Cove generating station, the most efficient thermal unit. The

CAPITAL STRUCTURE



unit was inoperative for a total period of almost four months.

As the mid-point in the year approached it became apparent that earnings would fall short of expectations and below those of 1967. There was little doubt that the Company could successfully petition for an increase in electric rates, but there were other considerations. It was felt that the factors affecting earnings were of a short-term nature. The long-term growth trend was most encouraging. There was the possibility that the Company would be relieved of the transit system loss in the near future. The Company's competitive position in the energy market and in the Maritime Power Pool was considered. The effect of higher electric rates on existing industrial users as well as on the further industrial development of the serv-



ice area was examined. In addition there was the knowledge that as the Company approaches the installation of major new thermal generating facilities in 1972, the present generating units will be operating at their maximum efficiency with consequent reduction in production costs. When all these factors were taken into account it was decided that the responsible course was not to apply for an increase in rates at this time.

In the coming year the situation will be under careful scrutiny and if present forecasts fail to materialize, appropriate action may then have to be taken.

Earnings for the year 1968 were 55 cents per ordinary share, compared with 59 cents for 1967.

The increasing annual loss in the Transit Division reached a new high of \$337,653 during the year. The end of these losses is now in sight. A full explanation appears on Page 14.

Having in mind continuing high interest rates, the Company controlled capital spending so that the need for new financing was again held to a minimum in 1968. Funds were required, however, for two major items in addition to regular capital expenditures. These were the purchase of Truro Electric Commission and refunding of the 3¾% Series, First Mortgage Bonds which matured on July 2, 1968. Approval of the Nova Scotia Board of Commissioners of Public Utilities was sought and obtained to issue \$4,000,000 of First Mortgage Sinking Fund Bonds at 7¾%, maturing December 1, 1973.

During 1967 an invitation was received from the Town of Truro to bid on the purchase of its electric utility. Your Directors are pleased to advise that the Company's offer was accepted and the Nova Scotia Board of Commissioners of Public Utilities approved the joint application of the Company and the Truro Electric Commission for the purchase and sale, effective July 1, 1968.

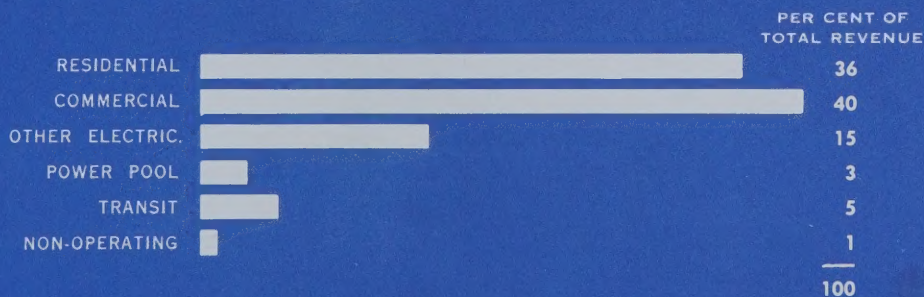
Your Company's tax bill for 1968 was \$4,338,973. Municipal Governments throughout

the areas served by the Company received \$1,553,326, while \$2,785,647 is the amount of federal income tax paid. It is gratifying to know that approximately 95% of this latter amount will, under present tax-sharing agreements, be returned to the Provincial Government of Nova Scotia and some 45% of this rebate will, in turn, be given to the municipal administrations throughout our service area. Through its payment of regular municipal taxes and, indirectly through this rebate of its income tax, your Company is making a substantial contribution to the economy of the municipalities it serves and, indeed, to the Province as a whole.

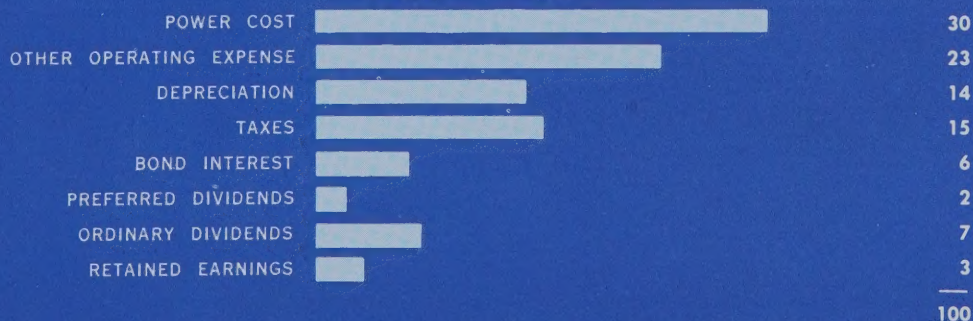
Net earnings transferred to retained earnings amounted to \$3,251,345, compared with \$3,466,470 in 1967. Ordinary dividends amounted to \$1,980,520. Preference dividends of \$530,557 were paid at designated rates.

Complete details of the operating results for 1968, with comparable results for 1967, together with the Auditors' Report and notes to financial statements are presented on Pages 28 to 31 of this report.

SOURCES OF REVENUE



DISPOSITION OF REVENUE



GENERAL OPERATION . . .

The year was not without some problems, but in spite of them the operation of the Company ran smoothly and well.

The purchase of the electric system of the Town of Truro, which was effective on July first, added some 7,000 customers to the Company's system. The Truro area has long been a growing industrial centre with great potential for even further growth. Even since the purchase date, one major new industry is establishing there and another, a recent newcomer, is already doubling its facilities.

The Truro system was a barrier between the central and northern regions of the Company's system. Its purchase will allow more complete interconnection of electrical facilities. It will also permit more efficient deployment of operating staff and equipment in that whole general area. This will result in operating economies and other long-term benefits.

Capital expenditures were carefully controlled during the year. Every project was critically examined as to need and timing before funds were approved. All of the Company's facilities including generating stations, transmission and distribution networks, and all other equipment were maintained in good condition throughout the year.

All new demands for service together with the increasing requirements of existing customers were met promptly and in full. The unexpected demands of other utilities in Nova Scotia and New Brunswick brought about by poor hydro conditions were also met.

The Company continued its policy of supporting the coal industry of the Province by using coal as the basic fuel for thermal generation. Working closely with the coal producers and using that fuel to suit their production schedule whenever it was available,



168,233 tons were burned in the Tufts Cove and Water Street Generating Stations.

Encouraging progress was made in management development as well as in other training programs. This training is broadening the skills and management capabilities of employees in all levels of management. Constant attention is given to the organization structure to ensure that suitable positions offering challenge and opportunity are available to ambitious employees who have qualified themselves.

During the year a number of promotions and changes in organization were made. The ones affecting executive staff are detailed on page 22.

The Company continued to exploit new techniques and devise improved methods. By so doing, the most efficient use was made of people, equipment and money, the reliability of

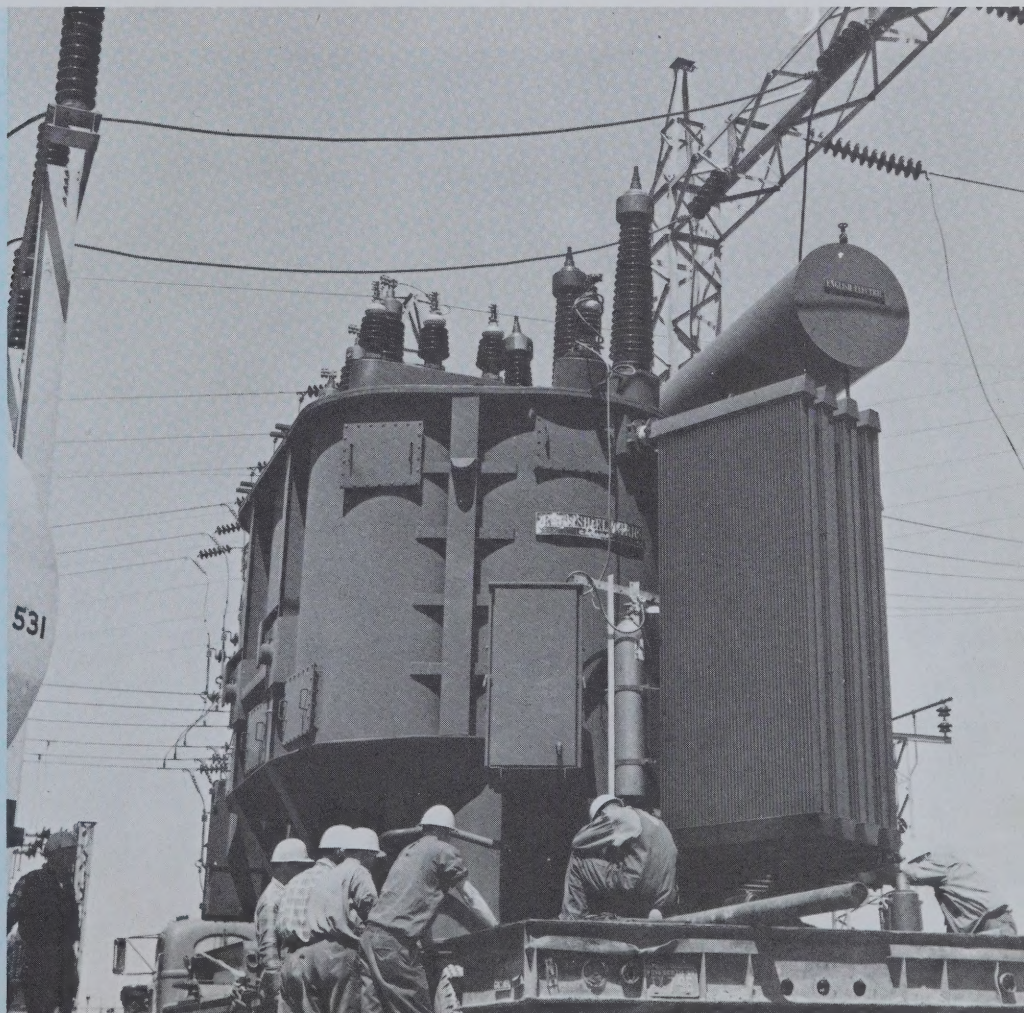
service was strengthened and operating efficiency improved.

Quarterly financial statements and releases to the news media kept stockholders, the financial community and the general public informed of Company affairs. Employees were kept well informed of all Company activities through the employee magazine, "Utilect".

The management team and the whole employee force turned in their usual excellent performance. Stockholders and customers are fortunate in having such a competent and devoted group of men and women running the operations of the Company. Stockholders benefit because of the effective use of the money they invested in buying shares of the Company. Customers benefit because of the efficient manner in which the business is run. It helps to provide constantly improving service and to hold down costs in the face of rising prices for every other service and product.

The largest all-electric complex of its kind in Canada. Stage 2 of the Scotia Square project rises from the bedrock of Halifax. This multi-million dollar redevelopment includes office and apartment buildings, stores, a theatre and a hotel, a trade mart and service facilities — 7,500 people will live or work in this complex. The Company's head office will be located there.

New and increasing loads require the continued upgrading of supply facilities. This massive transformer, being moved into position in Dartmouth, is a part of that program.



ELECTRICAL PRODUCTION . . .

Total energy requirements for the Company's system amounted to 1,394 million kilowatt hours. This is an increase of 10.6 per cent over the 1967 figure. For the past five years the growth rate has averaged 8.6 per cent.

Peak load on the Company's system reached a new high of 284,770 kilowatts, an increase of 38,390 over the 1967 mark. It reflects system growth as well as the addition for the first time, of the Truro load.

Thermal production accounted for 76 per cent of the year's requirements. Company hydro stations produced 15 per cent, while the balance of 9 per cent was purchased.

The unit cost of energy in 1968 was substantially higher than in recent past years because of the almost four-month long shutdown of the 100,000 kilowatt Tufts Cove Station.

This unit—the Company's largest and most efficient—normally supplies about half of the thermal energy for the system. It was shut down to correct a serious eccentricity problem which had developed in the turbine shaft and to modify boiler components and dust control equipment.

During the shutdown, replacement energy had to be generated by transferring the main base load to the smaller and less efficient units at the Water Street Station with consequent increase in production cost. In addition, some energy was purchased from interconnected utilities in the Maritime Power Pool where costs were greater than planned because of poor hydro conditions.

Throughout the year the Water Street Station was the real work-horse of the system. It produced the bulk of the Company's energy requirements during the Tufts Cove shutdown



Interest and animation show on the faces of mother and children as they watch and listen to the Land of Fantasy show.

This delightful one-half hour story of Christmas and children's fairy tales is enhanced by an animated and colorful display.

Over the past twelve years it has brought added pleasure to the Christmas season for more than half a million people.

as well as most of the energy sold to other utilities.

In spite of annual precipitation being well below the twenty-year average and the driest summer and fall in more than one hundred years, hydro production amounted to 190 million kilowatt hours. This is about 12 per cent more than the long-term average. This excellent production was achieved by the skillful blending of hydro and thermal generating facilities so as to obtain the maximum output from dwindling water storages which, in October, reached a minimum not equalled since 1951.

Greater than average rainfall in November and December, however, then permitted round-the-clock hydro production. At the same time it caused hydro storages to build up to 62 per cent full condition by the year end. This is a very favourable hydro position and should ensure full hydro generation and reduced overall

production costs for the first quarter of 1969.

The new 11,000 kilowatt Lequille hydro station started regular production in mid-November. Running continuously at full load, it produced almost 4 million kilowatt hours by the year end and it is expected to produce about 23 million kilowatt hours in 1969.

Energy sales of 150 million kilowatt hours to other utilities in the Maritime Power Pool was about 50 million less than in 1967. It was, however, considerably more than expected at the first of the year. The record dry summer and fall reduced hydro storages of other utilities to extremely low levels and the Company's thermal facilities were called upon to meet their requirements.

It is expected that the Company will buy increasing amounts from the Pool over the next few years as it integrates its plant construction program with that of the other utilities.



MARKETING . . .

Again in 1968 the effectiveness of the Company's marketing programs was amply demonstrated.

Retail sales of electricity were 9.7 per cent greater than in 1967 and reached a new high of 1,275 million kilowatt hours. The increase is not exceptional. It is right in line with the consistent growth recorded over the past ten or more years. During most of this period the Company's annual growth rate has exceeded the average recorded in both the United States and Canada.

While the Company's sales efforts have been largely responsible for the increase in the use of electricity, other factors also contributed to the gain. The Company's effort to promote industrial and commercial growth and the steadily improving economic conditions in Nova Scotia were significant. The sales program which the whole electric industry has carried on so vigorously for the past several years was also partly responsible.

Sales to residential customers reached 505 million kilowatt hours for an increase of 8.9 per cent over the previous year. In view of the exceptionally fine and warm weather which prevailed throughout the summer and fall, the

increase is even more noteworthy. It clearly indicates that more people are making greater use of electrical appliances and enjoying better living as a result.

The electricity used by residential customers amounts to 40 per cent of total sales. This provides a sound customer structure which makes for stability and offers opportunity for future growth. There is no doubt that this growth will continue and there seems to be no limit to it. New uses for electricity are continually being found and new appliances, in a never ending parade, are being developed and used.

The average residential customer increased his annual use of electricity to 4,974 kilowatt hours. In the Halifax-Dartmouth area it was even more, 5,779 kilowatt hours. For it our customer paid the new low average unit price of 2.07 cents. This compares with 2.09 in 1967.

Our customer got more electricity for his money than ever before. This trend of decreasing average unit cost will continue because greater use of energy permits the more efficient use of generating and distributing fa-



IS HONORED — Leading Lineman Robert Young (right) receives a Canadian Electrical Association Resuscitation Medal at Government House. The award came as a result of what Lt. Gov. H. P. MacKeen referred to as "great presence of mind and bravery". The presentation, attended by Mr. Young's family and a number of Company people, was heavily covered by the news media.

cilities and thus the average cost of the kilowatt hour is reduced.

Sales to industrial and other power users showed a healthy 9.4 per cent increase over the 1967 amount. The increase is greater than that recorded by any other class of customer. This has been the case for the past several years. It emphasizes the general improvement in the economy of the Province. It also reflects the growth of traditional industries as well as the impact of the many new industries that have located in our service area. The Company's marketing program through its industrial development activities can be credited with some of this growth.

The upsurge in street and outdoor lighting, which has been so pronounced over the past few years, continued in 1968. More and more communities are upgrading their street lighting requirements. This growth is a direct result of the marketing program.

The Company's merchandising operation again topped all previous years with sales of appliances reaching \$1,297,000. Independent dealers throughout the service area also recorded increased sales. Perhaps even more

significant are the figures reported by the Dominion Bureau of Statistics which show that the "average expenditure per family" for electrical appliances in the Halifax-Dartmouth area is more than double the national figure. This has been the case for the last six consecutive years. These results are directly traceable to intensive promotion which is a part of the marketing program.

There is continued rapid growth in the use of electric heating in homes and apartment buildings as well as in commercial buildings of all kinds. Even the new Dover Flour Mill in Halifax is "All-Electric" . . . the first in Canada. Strangely enough, liquor stores have found that wine keeps better with the constant temperature control that comes with electric heating. Housewives prefer electric heating because of its cleanliness, its safety with children, and its room-by-room control. Commercial developers and business men prefer it because of the capital and maintenance savings. The acceptance of electric heating has exceeded expectations. It is gaining an ever greater share of the heating market. It has unlimited growth possibilities which will be aggressively exploited by your Company.



As new and improved methods and techniques are developed they are put to use in the operations of your Company.

Here, a special camera makes use of infrared to examine the joints and connections on high voltage wires. Faulty connections are quickly spotted. Repairs can be made before more serious trouble develops.

CONSTRUCTION . . .

Capital expenditures for new plant and equipment amounted to \$5,342,487. The cost of purchasing the electric system of the Town of Truro at \$2,807,759 is in addition. The general adequacy of generating, distributing and other facilities permitted close control of capital spending in 1968.

The largest portion of the expenditures, \$3,621,964, went for the strengthening of distributing facilities. It included the completion of the 138 kv transmission line from the Tufts Cove Generating Station to the new main Sackville switching station; the purchase and preparation of right-of-way between Sackville and Onslow, the Interprovincial Grid connection, and also between Sackville and the Valley Hydro Generating System for the extension of the Company's 138 kv grid system. The lines will be built during the next two years. This is part of a carefully planned and timed program, integrated with that of the Maritime Power Pool, designed to provide the increased capacity

and greater reliability needed to meet growing requirements. In addition, some necessary extensions and adjustments were made in the 69 kv and 23 kv transmission systems. At the distribution level, a large number of extensions and improvements were completed reinforcing supply facilities to meet the growth taking place in all parts of the service area.

The Provincial Department of Highways carried out a major program of widening and straightening highways throughout the Province. This necessitated considerable expense for the relocation of transmission and distribution lines.

The completion of the Lequille Hydro-electric Station required the expenditure of \$1,592,000 this year. This station will produce 23 million kilowatt hours annually and will provide improved voltage regulation and reliability in the western end of the Annapolis Valley.

The balance of the expenditures were made



The new 100,000 Kilowatt addition to the Tufts Cove Generating Station will, in general, be a duplicate of the present station. The new building and stack will be built on the left of the present station and will adjoin it. It will be in operation in 1972. It is planned that two more units can be added in future years.

for a wide variety of items which included buildings, vehicles and other necessary equipment.

Expenditures planned for the next few years will be somewhat greater than those of the past year, but much lower than those forecast a year ago. At that time it was expected that the second unit at the Tufts Cove Station for planned operation in 1972 would be 150,000 kilowatts or larger to integrate with the program of the Maritime Power Pool. As a result of joint analyses and studies, the decision was made that the proper size of the new unit for Tufts Cove should be 100,000 kilowatts. Installing a unit of this size will help the Company to control its capital spending over the next few years and improve its flexibility with respect to the selection of sizes for future plants. This may permit the economic installation of very much larger units in the future.

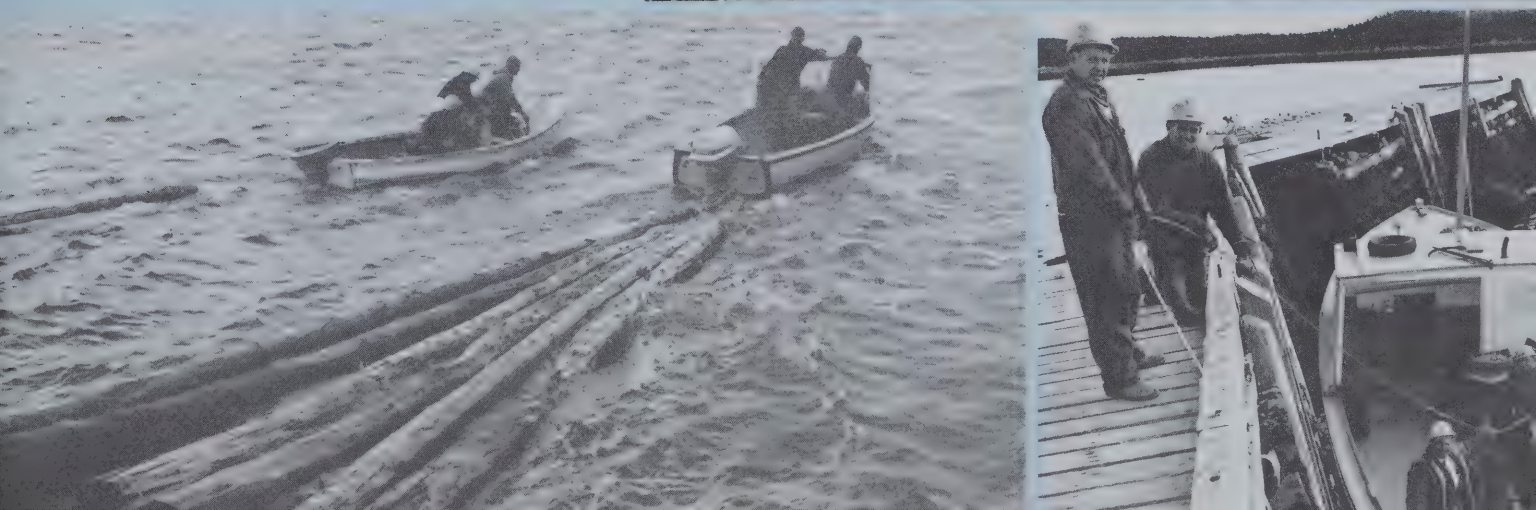
Capital additions over the next five years will amount to \$50,000,000.

Planned expenditures for 1969 and 1970 are expected to be \$8,000,000 and \$12,000,000,

respectively. Of the total amount for the two years, about \$6,245,000 will be required for the construction of the new generating facilities at Tufts Cove. For this job, \$1,925,000 has been allocated for 1969 and \$4,320,000 for 1970. To complete the two sections of the transmission grid, already referred to . . . to reinforce and extend other portions of the transmission system . . . and to increase the capacity of major transformer stations, \$2,439,000 will be required in 1969 and \$4,230,000 in 1970. The normal upgrading of low voltage distribution to supply new customers and to meet general load growth will require expenditures of approximately \$3,300,000 in each of the next two years. In addition, expenditures for buildings, vehicles and other equipment will require a total of \$540,000 for the two-year period.

The capital additions for the three years following 1970 will be made for the same purposes and will be generally in the same proportions as those described above for the 1969-70 period.

Running electric power to the Tusket Islands was one of the unusual jobs done in 1968. A lot of ingenuity was called for. Manpower had to replace modern equipment normally used. Poles had to be towed to the Islands — Turpentine, Dog, Big Tusket and Haymaker. These islands are noted for their lobster fishery and are near the famous Wedgeport tuna fishing grounds.



TRANSIT . . .

Decisions were reached during 1968 toward a solution of the complex problems respecting transit operation. As reported previously, the Company's transit system has now reached a point where it requires complete replacement and possible extension into the newly annexed areas of the City. In August of 1967 the Company advised the City of Halifax that it was not financially able to replace the fleet and continue the operation unless it could be fully protected from financial loss. Discussions continued with the City during the balance of 1967 and were actively pursued through 1968. The Company advanced several alternative solutions for consideration.

One suggestion was that the operation be carried on by a Company-managed subsidiary incorporated for that purpose only. The City would have representatives on the subsidiary's Board of Directors and would accept the responsibility for financial losses.

Another consideration was that the City take over and operate the system on its own.

Throughout the long discussions the Company pointed out that some decision should be reached by October of 1968 in order that new vehicles could be placed on order. This timing was dictated by the deteriorating condition of the coaches and the probability of major breakdowns in equipment during the winter of 1968-69.

When it became apparent that no agreement could be reached in the required time, and in order to bring all matters into focus and to establish a basis for final negotiation, it was necessary for the Company to apply to the Nova Scotia Board of Commissioners of Public Utilities for permission to abandon the operation.

On October 16, 1968, the Company proceeded with its application for abandonment to become effective on December 31, 1968.

In the same application the Company somewhat reluctantly requested that, if a date later than December 31, 1968 were selected by the Board for abandonment, the Company be permitted to apply a surcharge on electric service in Halifax to offset the operating deficit. A decision was given. The Nova Scotia Board of Commissioners of Public Utilities, in its decision dated December 5, 1968, ordered abandonment of the transit service by the Company on December 31, 1969. The application for the surcharge was denied. While the date approved by the Board was somewhat disappointing to the Company (the City requested an even later date), the decision did establish and confirm the right of the Company to abandon the transit utility. The decision also cleared the way for more fruitful discussions with the City of Halifax concerning the future of the transit system.

Discussions with the City will be continued during the coming year and the Company will endeavour to ensure that transit service in Halifax will continue and that the resulting operating losses will not fall on the Company.

On the basis of the responsibility and co-operation, which prevailed during the previous discussions, there is no doubt that a satisfactory solution will be achieved.

With its authority to abandon the service on December 31, 1969, the Company can now look ahead to a definite time when it will be relieved of Transit Division losses which have had such a depressing effect on earnings.



The Sixtieth Anniversary of Division 508, Amalgamated Transit Union, which represents the transit employees, was a real milestone in union history. A banquet and dance formed part of the celebrations.

EMPLOYEES . . .

The calibre and loyalty of the whole employee team can be measured by their performance in 1968. They did an excellent job in their day-to-day work and in the contribution they made to community affairs of all kinds. Their productivity assisted by the training programs and the prudent capital investment practices of the Company, can be measured by the fact that the number of regular employees has remained almost constant over the past ten years, while the volume of business has more than doubled.

Your Directors have great pleasure in expressing their sincere appreciation for the work that was so well done and for the personal effort that was so freely made by so many.

At the end of the year Company employees numbered 1,038 men and 143 women. In this total group, 223 have more than 25 years' service; 304 have service records ranging from 15 to 24 years; while 275 have worked with the Company from 5 to 14 years. The balance are relative newcomers who have excellent career opportunities ahead of them.

These opportunities are made possible, for employees with initiative and ability, by the stability of employment, by the steady growth of the business, by the broad training programs operated by the Company, and by the policy of

promotion from within the ranks wherever possible.

Salaries and wages paid to employees during the year amounted to \$7,513,257. In addition, an amount of more than \$1,400,000 could be added to cover the cost to the Company of the broad and well-balanced program of employee benefits.

Early in the year, two-year agreements were completed with I.B.E.W. Locals 1165 and 1928 which represent the operating staff in the Electrical Operations Division. The new contracts provided for a general wage increase in each of the two years. Fringe benefits were also upgraded.

General increases, as well as those to cover added responsibility and to recognize merit, were made in the salaries of management and supervisory personnel.

The whole employee force is a well knit, social unit. They have organized themselves in a number of ways. Through their Kilowatt Club they engage in a wide variety of social and athletic activities. Through their Credit Union they encourage thrift and offer a worthwhile financial service to members. Through the magazine, "Utilect", they are kept in close touch with all employee happenings and Company activities.

15

Professional Drivers . . . Trolley Coach Operators . . . received the National Safety Council's Safe Driver Awards. Some of these men have had "accident free" records for five years or more . . . in this group there are three

with a ten-year record, five with eleven-year record, five more with a twelve-year record and three who have driven summer and winter, day and night, in all kinds of weather for thirteen years without an accident.





1944

YEAR OF DECISION

BAY OF FUNDY

CUMBERLAND

MINAS BASIN

WALTON

H

BERWICK

KENTVILLE

WOLFVILLE

WINDSOR

METHUALS

AVON NO. 1

AVON NO. 2

ST. CROIX

KINGS

SACKVILLE

BRIDGETOWN

PARADISE

ANNAPOLIS ROYAL

LEQUILLE

CLEMENTSPORT

DIGBY

BEAR RIVER

ANNAPOLIS

LUNENBURG

CHESTER

DIGBY

N

ATL

YARMOUTH

QUEENS

MILTON

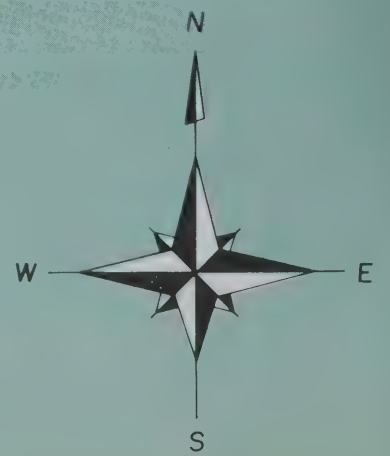
LIVERPOOL

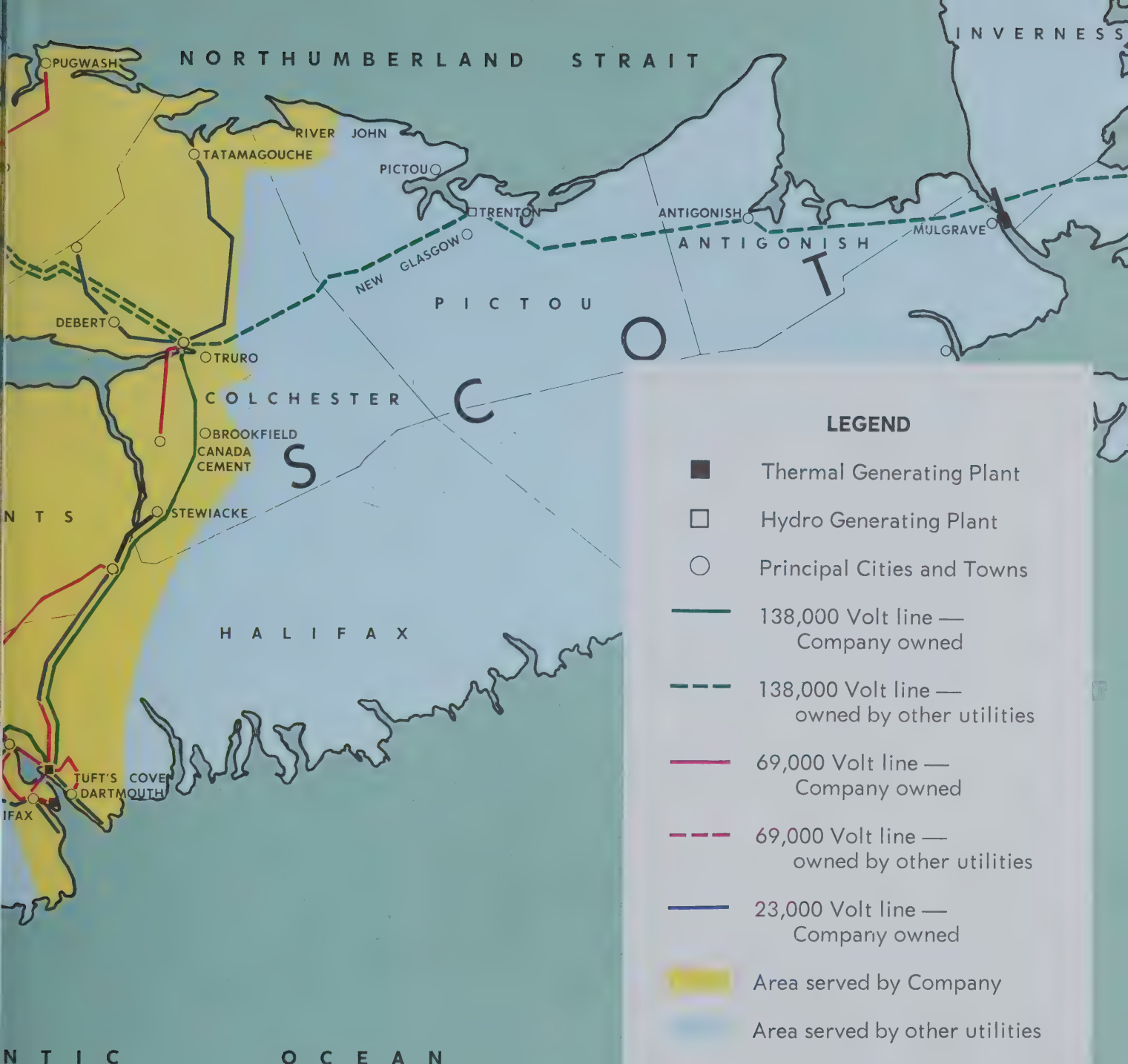
SHELBURNE

SHELBURNE

YARMOUTH

CLARKS HARBOR





Nova Scotia Light and Power is a tax-paying, investor owned utility financed by thousands of people, most of them Nova Scotians who have pooled their savings in this free enterprise Company which has consistently demonstrated its capability, responsibility and good citizenship.

The Company serves half of the electric customers in Nova Scotia — a Province with a fast-growing economy which offers great opportunities for people with imagination and enterprise.

PUBLIC RELATIONS . . .

Your Directors are proud of the excellent reputation the Company enjoys with all of its various publics. It was earned over the years by the manner in which the Company renders an essential public service and by its policies and performance as a good corporate citizen.

The Company's record of performance as an effective, growing business with a highly skilled, flexible, efficient and responsible work force has won the confidence of financial circles not only in Canada but in other countries as well. Thus debt capital has been readily available at prime rates.

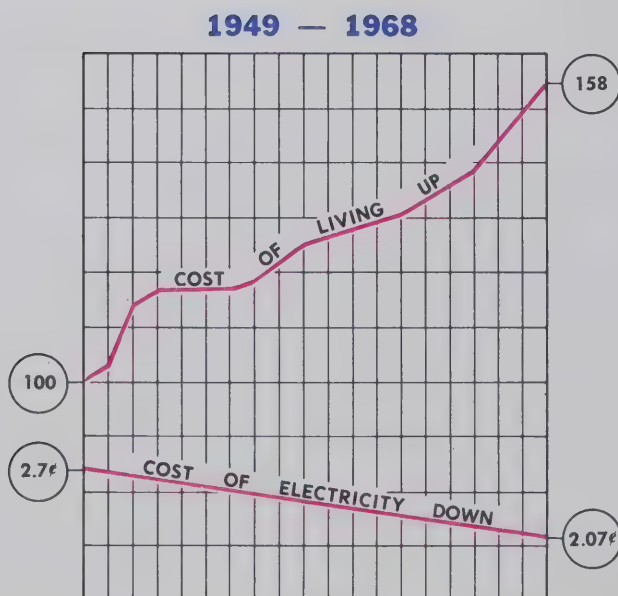
It has won the continued support of stockholders by providing a satisfactory return on their investment and by running an efficient and growing business enterprise.

It has been able to get and keep competent and loyal employees through the adoption of sound industrial relation practices which provide for the safety, health and job satisfaction of the individual.

There are many facets to the Company's public relations program. While basic policies and practices remain the same, the emphasis does shift from time to time.

Several years ago, when the Lequille Hydro Station was being planned, the Company realized that it would be located on a site that was rich in historic values. It was here that the first grist mill on the Continent was built in 1607 and the first crops of grain were grown in America. The Company was provided with an unusual and exciting opportunity. The decision was made to build a replica of an early French mill to house the generating equipment—and to develop the site as a park so that it would be a permanent attraction to Nova Scotians and tourists alike. Not far from the site a small but attractive picnic area was refurbished with new equipment and added facilities.

In arranging the official opening of this station in September, Company people worked with those from Federal and Provincial Governments, Agricultural and Milling Associations, Historical Societies and Drama Clubs. The event was a tremendous success and gained much local acclaim as well as national recognition over television and other news media. The Company's policy of making its land available for recreational purposes is greatly appreciated. This multiple use of land improves the social environment of the whole area.



Here's what we have done to combat inflation. It's a record to be proud of. Every housewife can measure it in dollars and cents — in her family budget.



Little wonder that this attractive and unusual float won so many prizes and so much praise. Two girls from the head office staff added beauty and charm.

The Company's picnic parks on Lumsden Pond, one of the hydro storage lakes, were further improved and extended. Thousands of people from the Wolfville-Kentville area enjoy swimming, boating and relaxation in these unspoiled wilderness areas.

People in the Windsor area will be pleased to learn that a start was made on the development of a picnic park to serve that area. It is located on one of the Company's hydro lakes on the Windsor-Chester Road. It should be ready for use by mid-summer of 1969.

For the twelfth consecutive year the Land of Fantasy was presented throughout December in Halifax. This animated display is the only one of its kind in the world. It was created by the Company's display artist. It features Santa and many of the characters of children's fairy tales and songs. This year it was viewed by more than 50,000 people of all ages. It has become a tradition and an outstanding feature of the Christmas season in the Halifax area.

During 1968 the Company's float appeared in a number of parades where it won most of the top awards. More important than the awards was the good citizenship and community participation it indicated to the people of the towns and cities where it appeared.

As a good corporate citizen the Company supported, both actively and financially, those charitable, educational, cultural and other organizations contributing to the betterment of the community and its people. The Company also provided a number of scholarships and fellowships for students in Nova Scotian Universities.

Reinforcing the Company's activities is the support and effort put forth by its employees in the communities in which they live. They participated in and made noteworthy contribution to worth-while community affairs. Your Company is fortunate in having an employee team that has such a strong sense of good citizenship.

The Story of Lequille

is a story of firsts.

It was at Port Royal that the first white settlement in North America was established. It was here that the first social club in America was formed, and it was here that the Theatre de Neptune was enacted . . . the first theatrical performance in America.

It was at the mouth of the Lequille River that the first grist mill in America was built in 1607 by Poutrincourt, a French baron. This was the first engineering achievement in the New World. It was near this mill that the first wheat was planted and harvested in North America.

Historical records indicate that Poutrincourt invited his friend, Membertou, the venerable chief of the Micmacs to visit his new mill. As was the custom in those days, much was made of the occasion; there was a formal meeting, gifts were exchanged, and a feast was held at the Habitation.



The Lieutenant-Governor of Nova Scotia, the Honourable V. DeB. Oland, said: "I would like to talk today . . about a Canadian company that I consider to be a very good corporate citizen".



Membertou, the great chief of the Micmacs, arrives with his retinue of braves and squaws . . . bearing gifts.



David Renton of Neptune Theatre, who directed the pageant, also helped to "make up" the cast — members of the Drama Society of Annapolis Royal.





The stage is set for the opening ceremonies . . . the National Anthem is being played.

A national historic monument is unveiled by the Honourable Allan MacEachen.

Plaques to commemorate the first grain crops grown in America were unveiled by Dr. Smith Hilton, President of the Agricultural Institute of Canada.



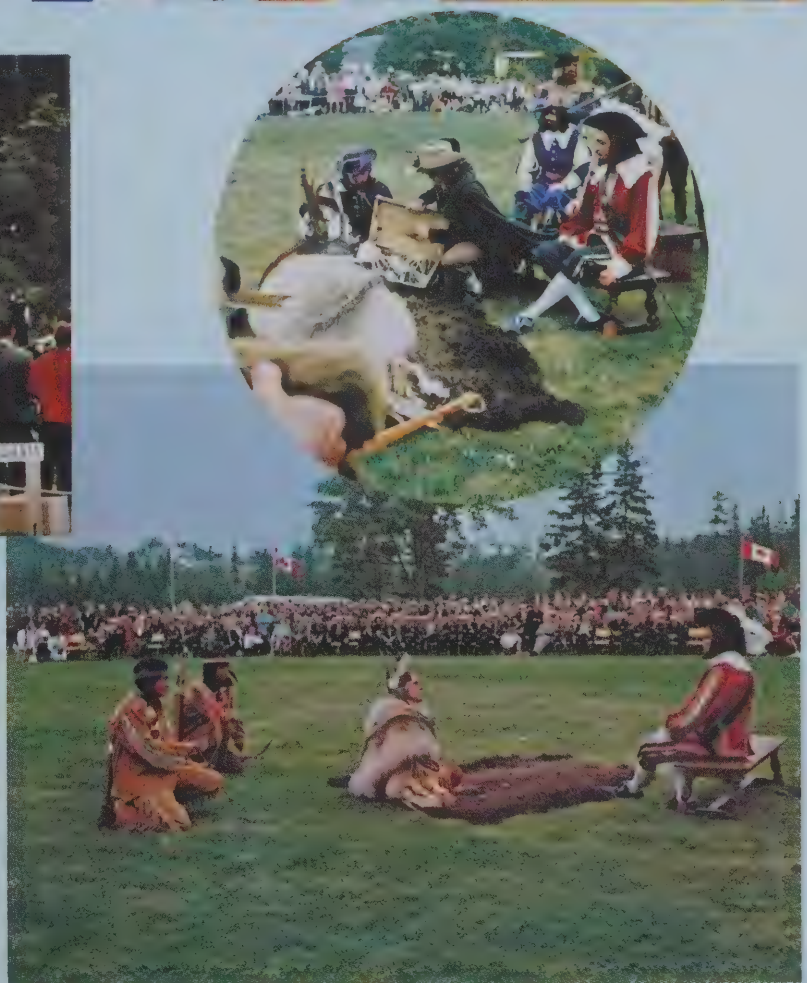
A modern hydro-electric station housed in a replica of an old French mill now uses the water power of the Lequille River, the oldest working river on the continent, the first to be harnessed by man.

The building is not a replica of Poutrincourt's mill. The records left by Champlain and Lescarbot failed to give any structural details. The mill whose lines were copied is a French mill of the period which is detailed in Diderot's Encyclopaedia published in 1673.



At the Palisade a cannon fires to signal their approach . . . and to welcome them.

The exchanging of gifts begins with pomp and ceremony.



Champlain, host of the Order of Good Time for that day, invites all to share in the feast that has been prepared.

EXECUTIVE CHANGES . . .

On April 1, 1968, Mr. R. M. Barteaux, Superintendent of Electric Operations, retired after forty years of service with the Company. He made a great contribution to the growth and development of the Company as well as to many of the communities in its service area.

Mr. P. M. Lane, former Assistant Superintendent, was appointed Superintendent. Mr. Lane brings to his new post a wealth of experience. Since joining the Company in 1929 he served in operations posts in Barrington and Windsor before returning to Halifax in 1950.

Mr. D. K. Teasdale, former Senior Civil and Hydraulic Engineer, was moved from the Technical Division to become Assistant Superintendent of Electric Operations.

Effective September 1, 1968, Mr. J. W. MacDonald, Chief Engineer since 1959, and one of the best known engineers in Canada's utility industry, was appointed Executive Engineer of the Company. In this new position he will be responsible for long-range planning.

Mr. G. J. Currie, former Assistant Chief Engineer, was appointed Chief Engineer. Mr. V. M. Coy was moved from Senior Electrical Engineer to the post of Assistant Chief Engineer.

All bring to their new posts the judgment and experience gained through many

years' service with the Company. At the same time these changes have been reflected through the junior and middle management levels. Consistent with its policy of having depth within the management structure, the Company prepares people for succession so that they can fill senior posts as retirements occur.

DIRECTORS . . .

It is with deep regret that your Directors report the passing of Harold J. Egan on June 9, 1968. Mr. Egan served on your Board for less than a year, having been appointed in August, 1967.

Mr. Austin E. Hayes of Halifax was elected to the Board on July 31, 1968. Mr. Hayes is President of Hayes Insurance Limited, Proprietor of W. R. MacInnes & Company, Vice-President of Nova Scotia Board of Insurance Underwriters, a Director of Atlantic Trust Company, and serves on the Boards of the Halifax Public Service Commission, the Halifax Infirmary, Saint Mary's University and other organizations.

Mr. Hayes' father, the late Cecil J. Hayes, was Secretary of Nova Scotia Light and Power Company, Limited from 1924 until his death in 1954.



At the time of purchase of the Truro Electric Commission, the Company entertained Town officials and the Commission employees. Here Comptroller C. N. Kennedy and President and General Manager A. R. Harrington enjoy a chat with Mrs. Gratton, Secretary-treasurer of the Commission.



Again in 1968 your Company won recognition in a number of fields of endeavour. Some of the awards illustrate the accomplishments of the Company and its employees in the field of good citizenship. Others are indicative of the Company's position of leadership in the electric utility industry. We are proud of the recognition we have received. We shall continue our efforts with the hope that they will contribute to the betterment of the Company and Nova Scotia.

STOCKHOLDERS . . .

During 1968 the number of stockholders again increased. At the end of the year there were 9,422 holders of the Ordinary shares, an increase of 448 over the 1967 number. The number of holders of the three classes of Preferred dropped from 3,684 in 1967 to 3,583 in 1968 for a decrease of 101. The net gain is 347 when compared with the previous year.

Most of the new stockholders are Nova Scotians who live in areas served by the Company and are its customers. Shares are owned by people in every province of Canada, in the United States and in other countries as well.

Their knowledge of the economic growth of Nova Scotia, their familiarity with the reputation of the Company, and their assessment of its growth potential are factors which must have influenced their decision to invest their savings in shares. Their support is gratifying.

The Company will make every effort to justify it.

Women are the largest group of stockholders. They number 5,921. Men, with 5,089, come next. Trust funds are in third place with 937. As a group, employees of the Company are in fourth place with 371 buying shares regularly through the Employee Stock Purchase Plan.

Investment groups, pension funds, insurance companies, religious and fraternal institutions and many other groups also own shares.

No financial or special interest group controls the Company. The ten largest stockholders are corporations, trust companies or investment funds. Their total holdings amount to only 14.3 per cent of the Company's shares. The holdings of your Company's directors amount to 1.7 per cent.

FUTURE . . .

At no point in the history of the electrical industry has the future growth in the use of electricity been so certain. At no time have there been so many indications that the rate of electrical growth will increase. There can be no doubt about this. Examples are all around us . . . new industries including containerization at present in the early stages of becoming a reality for the Port of Halifax . . . Scotia Square now concrete rising from the bedrock . . . shopping centres, apartment and office buildings, new construction of all kinds . . . these are providing a measure of the increased electrical needs of our service area and indeed of the Province as a whole.

Your Company has maintained a long-term growth trend of doubling every eight or nine years. This trend will accelerate with the increasing number of new uses for electricity that are being developed.

The challenge of this electrical growth will be met by the Company's existing generating sources together with the combined reserves of the Maritime Power Pool until 1972 when the second 100,000 kilowatt unit at Tufts Cove will be in operation.

This challenge is being met without abnormal capital expenditure and without unusual requirements for outside financing. At a time when extreme difficulties and high costs are being experienced by those attempting to raise necessary capital from the money markets of the world, the Company is pleased that through careful planning, its needs appear to be conservative and realistic.

Retained earnings and other self-generated funds will be such that only about six million dollars per annum of new financing will be required over a five-year period for new construction and the refunding of maturing bond issues. Past performance of the Company including its record of earnings, its costs for electric service, and its reputation in its service area and the financial community assures the success of this financing program.

While the pricing of electric service may have some effect on the Company's reputation as well as on its potential for competitive growth, it does have a substantial effect on earnings. The existing electric service rates have been in effect since 1963. Inflation with its attendant increases in operating costs has tended to offset the gains brought about by greater sales and improved operating efficiency. Projections for the future are optimistic but electric rates and all other influencing factors must be carefully studied.

Your Company is fully conscious of these matters. They are under constant review and will continue to be. The various courses of action are clear and well defined. They will be implemented whenever it is prudent and proper to do so.

The long-term growth potential is tremendous. To meet it will require imagination, initiative and careful planning. Your Company's staff have proven their competence in the past. They are equal to the task. They are working at it now. The decisions are ready.

J. C. Macdonald

Chairman of the Board

A. R. Harrington

President and General Manager





NOVA SCOTIA LIGHT AND POWER COMPANY, LIMITED

Statement of Source and Application of Funds for the year ended December 31, 1968

	1968	1967
SOURCE OF FUNDS		
Net earnings	\$ 3,251,345	\$ 3,466,470
Charges not requiring funds		
Depreciation	4,216,390	3,976,838
Increase in accumulated tax reductions applicable to future years	128,565	140,446
	<u>7,596,300</u>	<u>7,583,754</u>
Sale of bonds	4,000,000	—
Sale of ordinary shares	143,574	136,572
Decrease in special refundable tax	—	220,000
Decrease in current portion of long-term debt	2,131,000	—
	<u>13,870,874</u>	<u>7,940,326</u>
APPLICATION OF FUNDS		
Purchase of fixed assets	8,150,246	6,057,014
Redemption of bonds	2,843,000	617,000
Dividends to stockholders	2,511,077	2,503,615
Increase in current portion of long-term debt	—	2,225,000
Miscellaneous items	(55,521)	(108,838)
	<u>13,448,802</u>	<u>11,293,791</u>
INCREASE (DECREASE) IN WORKING CAPITAL	<u>\$ 422,072</u>	<u>\$ (3,353,465)</u>
CHANGES IN WORKING CAPITAL		
Current Assets	\$ 4,906,105	\$ 4,850,807
Current Liabilities	<u>6,809,442</u>	<u>7,176,216</u>
Working Capital		
Balance at end of year	(1,903,337)	(2,325,409)
Balance at beginning of year	<u>(2,325,409)</u>	<u>1,028,056</u>
INCREASE (DECREASE) IN WORKING CAPITAL	<u>\$ 422,072</u>	<u>\$ (3,353,465)</u>



NOVA SCOTIA LIGHT AND POWER COMPANY, LIMITED

Balance Sheet as at December 31, 1968

ASSETS	1968	1967
FIXED ASSETS		
Utility plant at cost		
Electric	\$123,643,119	\$115,806,964
Transit (Note 1)	3,437,665	3,597,213
	<u>127,080,784</u>	<u>119,404,177</u>
CURRENT ASSETS		
Cash	27,861	27,649
Accounts receivable	2,454,584	2,191,295
Special refundable tax	200,433	309,030
Material, supplies and merchandise at average cost	1,963,245	2,035,300
Prepaid expenses	259,982	287,533
	<u>4,906,105</u>	<u>4,850,807</u>
OTHER ASSETS		
Sinking funds held by bondholders' trustee	14,272	12,564
Discount on bond issues less amounts amortized	108,495	107,771
Cash surrender value of life insurance	19,018	13,767
	<u>141,785</u>	<u>134,102</u>
	<u>\$132,128,674</u>	<u>\$124,389,086</u>

Signed on behalf of the Board

J. C. Macdonald

Director

A. L. Harrington

Director



SHAREHOLDERS' EQUITY AND LIABILITIES

1968

1967

SHAREHOLDERS' EQUITY

Capital stock (Note 2)

Cumulative preference shares	\$ 11,786,200	\$ 11,786,200
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Ordinary shares	11,742,415	11,598,841
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	23,528,615	23,385,041
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Retained earnings	15,297,310	14,493,838
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Transit insurance reserve (Note 3)	100,791	100,791
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	38,926,716	37,979,670
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LONG-TERM DEBT (Note 4)

	38,205,000	34,917,000
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ACCUMULATED DEPRECIATION

Electric	41,117,003	37,319,948
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Transit	2,784,321	2,838,625
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	43,901,324	40,158,573
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ACCUMULATED TAX REDUCTIONS APPLICABLE TO FUTURE YEARS (Note 5)

	4,286,192	4,157,627
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CURRENT LIABILITIES

Bank indebtedness	2,471,200	484,769
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Accounts, payable and accrued	2,088,556	1,691,748
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Income and other taxes	755,799	1,391,660
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Dividend payable (ordinary)	495,905	493,901
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Current maturities on long-term debt	709,000	2,840,000
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Consumers' deposits	288,982	274,138
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	6,809,442	7,176,216
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	\$132,128,674	\$124,389,086
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The accompanying notes on pages 30 and 31 are an integral part of this financial statement



NOVA SCOTIA LIGHT AND POWER COMPANY, LIMITED

Statement of Earnings and Earnings per Ordinary Share for the year ended December 31, 1968

	1968	1967
REVENUE		
Electric division	\$27,854,728	\$26,188,485
Transit division	1,414,136	1,430,047
	<u>29,268,864</u>	<u>27,618,532</u>
EXPENSES		
Cost of power generated and purchased	8,727,957	7,733,605
Operating, maintenance and general expenses	6,793,949	6,219,485
Taxes other than income taxes	1,553,326	1,434,363
Depreciation (Note 6)	4,216,390	3,976,838
Interest (Note 7)	1,811,685	1,705,497
Provision for income taxes		
Current	2,785,647	2,941,828
Deferred	128,565	140,446
	<u>26,017,519</u>	<u>24,152,062</u>
NET EARNINGS	3,251,345	3,466,470
Dividends declared on preference shares	530,557	530,557
Net earnings after dividends on preference shares	<u>\$ 2,720,788</u>	<u>\$ 2,935,913</u>
EARNINGS PER ORDINARY SHARE	\$.55	\$.59

The accompanying notes on pages 30 and 31 are an integral part of this financial statement



NOVA SCOTIA LIGHT AND POWER COMPANY, LIMITED

Statement of Retained Earnings for the year ended December 31, 1968

	1968	1967
BALANCE AT BEGINNING OF YEAR	\$14,493,838	\$13,435,398
Net earnings for the year	3,251,345	3,466,470
Miscellaneous non-operating adjustments	63,204	95,585
	<u>17,808,387</u>	<u>16,997,453</u>
Dividends declared		
Preference shares	530,557	530,557
Ordinary shares	1,980,520	1,973,058
	<u>2,511,077</u>	<u>2,503,615</u>
BALANCE AT END OF YEAR	<u>\$15,297,310</u>	<u>\$14,493,838</u>

AUDITORS' REPORT

To the Shareholders
Nova Scotia Light and Power Company, Limited

We have examined the accompanying financial statements of Nova Scotia Light and Power Company, Limited for the year ended December 31, 1968 comprising the balance sheet as at that date and the statements of earnings and earnings per ordinary share, retained earnings, and source and application of funds for the year then ended and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion and according to the best of our information and the explanations given to us and as shown by the books of the company the aforementioned statements are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at December 31, 1968 and the results of its operations and the source and application of funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Riddell, Stead, Graham & Hutchison,
Chartered Accountants.

Halifax, N. S.,
January 27, 1969

NOVA SCOTIA LIGHT AND POWER COMPANY, LIMITED

Notes to Financial Statements

NOTE 1—UTILITY PLANT TRANSIT

The Nova Scotia Board of Commissioners of Public Utilities approved an order for the company to abandon its transit operation December 31, 1969.

NOTE 2—CAPITAL STOCK

Authorized: Cumulative redeemable preference shares
 24,300 shares 6% (redeemed in 1954)
 20,000 shares 4% par value \$100
 127,572 shares 4½% par value \$100
 80,000 shares 5% par value \$50
 Ordinary shares of no par value
 7,500,000 shares

Issued: Cumulative redeemable preference shares
 20,000 shares 4%
 77,572 shares 4½%
 40,580 shares 5%

Ordinary shares
 4,959,049 shares (1967—4,939,005)

1968	1967
\$ 2,000,000	\$ 2,000,000
7,757,200	7,757,200
2,029,000	2,029,000
<u>11,786,200</u>	<u>11,786,200</u>
11,742,415	11,598,841
<u>\$23,528,615</u>	<u>\$23,385,041</u>

All preference shares are redeemable at the option of the Company at 105% of the par value of each share.

During the year 20,044 shares were issued for cash of \$143,574 to the trustees of the employees' stock purchase plan.

NOTE 3—TRANSIT INSURANCE RESERVE

Miscellaneous reserves at the beginning of the year consisted of the transit insurance reserve \$100,791 and non-refundable customer contributions \$579,876. In keeping with C.I.C.A. research recommendations, non-refundable customer contributions have been reclassified as a reduction in the cost of utility plant for both years.

NOTE 4—LONG-TERM DEBT

First mortgage sinking fund bonds

Series	Maturity	Issued	Redeemed
3¾%	July 2/68	\$ 3,000,000	\$ 3,000,000
3¾%	May 1/71	7,500,000	2,277,000
3½%	Nov. 1/72	1,500,000	388,000
3⅝%	Sept. 1/73	3,000,000	689,000
7¾%	Dec. 1/73	4,000,000	—
4⅞%	July 2/74	2,100,000	451,000
4%	May 1/75	4,000,000	669,000
5½%	June 1/77	4,000,000	579,000
6%	Dec. 1/77	4,000,000	595,000
5¾%	Apr. 1/84	10,000,000	433,000
6%	Apr. 1/86	5,000,000	105,000
		<u>\$48,100,000</u>	<u>\$ 9,186,000</u>

Less current maturities

1968	1967
\$ —	\$ 2,201,000
5,223,000	5,368,000
1,112,000	1,139,000
2,311,000	2,364,000
4,000,000	—
1,649,000	1,690,000
3,331,000	3,396,000
3,421,000	3,489,000
3,405,000	3,477,000
9,567,000	9,683,000
4,895,000	4,950,000
<u>38,914,000</u>	<u>37,757,000</u>
709,000	2,840,000
<u>\$38,205,000</u>	<u>\$34,917,000</u>

NOTE 4 (continued)

Sinking fund payments are required annually of an amount at least equal to one per cent of the aggregate principal amount of bonds issued plus an amount equal to the annual interest on all such bonds previously redeemed through the sinking fund.

NOTE 5—ACCUMULATED TAX REDUCTIONS APPLICABLE TO FUTURE YEARS

This is the amount by which income taxes otherwise payable have been reduced by the intention to claim for tax purposes capital cost allowance in excess of depreciation recorded in the accounts.

NOTE 6—DEPRECIATION

Depreciation rates are determined by engineering studies for each class of plant in service and the Nova Scotia Board of Commissioners of Public Utilities has approved these rates applied on the straight line method. Depreciation provisions are calculated by applying these rates to the company's investment therein each month. This procedure yielded a composite rate of 3.36% for the 1968 fiscal year.

NOTE 7—INTEREST

	1968	1967
Bond interest	\$ 1,828,510	\$ 1,869,067
Interest on short-term loans net of interest earned	182,031	(33,691)
	<u>2,010,541</u>	<u>1,835,376</u>
Less interest charged to construction	198,856	129,879
	<u>\$ 1,811,685</u>	<u>\$ 1,705,497</u>

NOTE 8—REMUNERATION OF DIRECTORS AND OFFICERS

Direct remuneration of Directors and Officers for the year ended December 31, 1968 amounted to \$146,758 of which \$72,683 was received by Officers who are not Directors.

STATISTICS

	1968	1967	1966	1965	1964
Revenue Sales					
Domestic	\$10,473,401	\$ 9,751,066	\$ 9,093,407	\$ 8,634,853	\$ 8,264,421
Commercial Light	3,168,760	3,251,114	3,200,889	3,202,648	3,133,054
Commercial Power	3,721,510	3,505,430	3,257,917	2,965,919	2,694,885
General Service Lt. & Pr.	4,876,363	4,068,454	3,432,839	3,012,283	2,706,574
Industrial Power	2,701,199	2,431,061	2,346,640	2,056,754	1,780,192
Other Electric Utilities	506,103	464,618	430,958	420,435	379,367
Miscellaneous	1,065,843	1,013,153	982,103	877,140	770,394
Consumer Forfeited Discounts	294,843	264,308	258,322	214,603	217,564
Total Revenue	\$26,808,022	\$24,749,204	\$23,003,075	\$21,384,635	\$19,946,451
Sales to Grid Interconnection	\$ 806,908	\$ 1,186,414	\$ 2,592,144	\$ 1,728,028	\$ 782,255
Kilowatt Hours					
Domestic	505,632,596	464,364,344	424,981,917	398,433,244	378,549,024
Commercial Light	96,192,225	98,451,727	96,568,585	95,959,400	93,517,288
Commercial Power	172,261,810	159,610,063	144,482,039	126,235,565	111,611,050
General Service Lt. & Pr.	222,955,721	184,771,574	156,139,146	137,044,983	123,386,695
Industrial Power	213,264,997	195,044,547	190,166,313	170,360,131	142,180,008
Other Electric Utilities	38,965,012	35,773,120	32,523,607	31,887,320	27,929,074
Miscellaneous	25,881,105	24,420,773	23,511,715	23,971,993	21,744,057
Total Sales	1,275,153,466	1,162,436,148	1,068,373,322	983,892,636	898,917,196
Sales to Grid Interconnection	131,006,800	199,266,800	414,207,200	275,011,000	128,742,300
Customers (as at December 31)					
Domestic	105,118	96,223	94,162	92,168	87,760
Commercial Light	8,355	8,547	8,702	8,711	10,039
Commercial Power	4,540	4,579	4,857	4,756	6,872
General Service Lt. & Pr.	2,294	995	772	471	343
Industrial Power	41	38	32	30	26
Other Electric Utilities	5	4	4	3	3
Miscellaneous	73	66	65	67	67
Total	120,426	110,452	108,594	106,206	105,110
Transit					
Operating Revenue	\$ 1,414,136	\$ 1,430,047	\$ 1,421,554	\$ 1,458,992	\$ 1,534,853
Revenue Passengers Carried	10,517,896	10,568,927	10,588,929	12,463,329	13,185,294
Revenue Coach Miles	1,807,239	1,769,393	1,789,827	1,850,101	1,994,642
Employees					
Number as of December 31	1,181	1,158	1,164	1,173	1,203
Wages and Salaries Paid	\$ 7,513,257	\$ 6,836,470	\$ 6,367,517	\$ 6,520,706	\$ 5,816,864
Ordinary Stock					
Shares Outstanding Dec. 31*	4,959,049	4,939,005	4,922,649	1,635,845	1,631,059
Number of Stockholders	9,422	8,974	8,476	7,177	7,183
Dividends Declared on					
Ordinary Shares	\$ 1,980,520	\$ 1,973,058	\$ 1,884,857	\$ 1,634,073	\$ 1,629,301
Earnings per Share**	\$.55	\$.59	\$.55	\$ 1.69	\$ 1.65
Dividends per Share**	\$.40	\$.40	\$.38	\$ 1.00	\$ 1.00
Preference Stock					
Total Par Value Preference					
Shares	\$11,786,200	\$11,786,200	\$11,786,200	\$11,786,200	\$11,786,200
Dividends Declared on					
Preference Shares	\$ 530,557	\$ 530,557	\$ 530,557	\$ 530,557	\$ 530,557

Revenue from kilowatt hour sales to regular customers amounted to \$26,808,022; in addition, sales to interconnected utilities provided revenue of \$806,908; steam heat and other non-operating revenues account for \$239,798 making the total of \$27,854,728 shown on the Statement of Earnings (page 28).

*Change this year accounted for by sales to employees under employees' stock purchase plan.

**Ordinary stock split three for one, April 14, 1966.

OFFICERS

A. S. FRASER
Vice-President

I. B. JAMIESON
Treasurer

J. C. MacKEEN
Chairman of the Board

A. R. HARRINGTON
President
and General Manager

K. W. McGRAIL
Assistant General Manager

E. A. LeBLANC
Secretary and
General Counsel

G. D. STANFIELD
Vice-President

C. N. KENNEDY
Comptroller
and Assistant Treasurer

DIRECTORS

F. M. COVERT, Q.C., O.B.E., D.F.C. Halifax
Senior Partner, Stewart, MacKeen & Covert

C. W. DEAN Yarmouth
President, Yarmouth Royal Store Limited

*H. J. EGAN Halifax
Consulting Chartered Accountant

A. S. FRASER Montreal
President, Investment Foundation Limited

A. R. HARRINGTON, D. Eng. Halifax
President and General Manager
Nova Scotia Light and Power Company, Limited

*A. E. HAYES Halifax
President, Hayes Insurance Limited

HON. G. B. ISNOR, Senator Halifax
Proprietor, Gordon B. Isnor's Stores

R. A. JODREY, D.C.L. Hantsport
President, The Minas Basin Pulp and Power Company, Limited

J. H. MOWBRAY JONES, D.Eng. Montreal
Director, The Bowater Paper Corporation Ltd.

J. C. MacKEEN, D.C.L. Halifax
Director, Royal Bank of Canada

W. O. MORROW Halifax
Vice-President, National Sea Products Limited

DENIS STAIRS, O.B.E., M.C., D.Eng. Montreal
Chairman, Newfoundland Light and Power Co. Limited

G. D. STANFIELD Halifax
President, Starr Manufacturing Works Limited

AUDITORS

RIDDELL, STEAD, GRAHAM & HUTCHISON Halifax

TRANSFER AGENTS

CANADA PERMANENT TRUST COMPANY Halifax, Montreal and Toronto

REGISTRARS

THE ROYAL TRUST COMPANY Halifax and Montreal

MONTREAL TRUST COMPANY Halifax, Montreal and Toronto

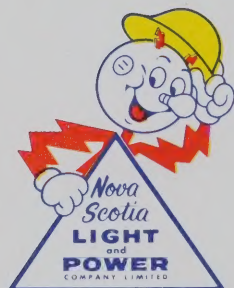
HEAD OFFICE

CAPITOL BUILDING Halifax, Nova Scotia



The Company's ordinary stock is listed on
the Montreal and Toronto Stock Exchanges.

*See Directors Page 22.



WE SHALL . . .

Conduct our business in the public interest by seeing that our customers are given good service at reasonable rates in a courteous manner — and by working actively for the welfare of our communities, our province and our nation.

Continue to develop a sound employee organization, which is the foundation of efficient operation and good public relations.

Endeavour to operate our business at a profit so that we not only can pay interest and dividends to our investors while protecting their principal, but so that we can attract new investors as our needs for capital continue to grow.

